



Maricopa County

Office of Management and Budget

BUDGETING FOR RESULTS ANALYSIS REPORT

September 2004

Animal Care & Control

Dog Licensing Activity – FY 2005 Supplemental Request

Prepared By Dexter Thomas, Management and Budget Analyst

SUMMARY

The Animal Care & Control (ACC) Department seeks to decrease the turnaround time for issuance of dog licenses by in-sourcing the Dog Licensing Activity. In order to implement this change, ACC requests six additional FTE's at a net cost increase of \$103,541, which includes contract savings of \$66,525 and one-time costs of \$29,222. ACC's goal is to issue 100% of dog licenses within seven days of receipt of a completed application, thereby improving customer satisfaction and the public's perception of the Department. The annualized recurring cost of this request is \$103,546. OMB recommends approval.

BACKGROUND

The purpose of the Dog Licensing Activity is to provide dog licensing services to the people of Maricopa County so that the spread of rabies can be controlled and that citizens can recover lost pets. The Department issues licenses after receipt of a completed application. Issuing licenses includes the following tasks:

- Verify payment;
- Verify anti-rabies vaccination and sterilization certificates;
- Research animal licensing history;
- Follow up on incomplete or missing information;
- Enter data into the ACC database;
- Print licenses;
- Attach corresponding tags to licenses; and
- Prepare the license and tag for distribution by mail or over the counter.

ACC has made two previous attempts to out-source the Dog Licensing Activity, but in both instances it led to an increase in the turnaround time to issue a dog license. This Activity has been out-sourced to PetData and most recently to Arizona Correctional Institute (ACI). Based upon the current level of service being provided by ACI, the Department projects an increase in the turnaround time to issue a dog license if they were to continue the contract. Consequently, the Department has requested that the Board of Supervisors terminate the ACI contract and allow the Department to bring this Activity in-house. The savings from the termination of the ACI contract are included as an offset to the total cost of bringing this service in-house.

ANALYSIS

Demand

As shown in Table I, estimated Demand for dog licenses has steadily increased as a direct result of human population increase. Demand is the total number of dogs in the County, which can only be estimated. The calculation used by ACC to forecast the Demand for the Dog Licensing Activity is based on a national formula from the National Animal Care Association. This formula takes the Human Population (based on the Elliot Pollack pessimistic estimate) divided by 2.65 (which is the average number of individuals in a household) and then multiplies this amount by .534 (estimated number of dogs per household). Based on this formula, ACC has projected a 3.6% increase in dog population for FY 2004-05, equal to the forecasted human population growth.

Table I
Demand - Dog License Activity

	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Adopted Budget	Variance	%	Suppl. Request	FY 04-05 Total Request	FY 05-06 Annualized	Variance	%
Demand (number of dogs in Maricopa County)											
Human Population	3,241,700	3,328,600	3,408,486	3,531,340	122,854	3.6%	NA	3,531,340	3,623,154	91,814	2.6%
Est. Dog Population	653,233	670,744	686,842	711,598	24,756	3.6%	NA	711,598	730,100	18,501	2.6%

Output

Output is shown in Table II. Historically, ACC has only licensed approximately 42% of the total estimated number of dogs in the County, reflecting the number of applications submitted. The Output for the Dog Licensing Activity is the total number of Dog Licenses issued, which is projected to increase by 3.6% from 287,455 issued in FY 2003-04 to 297,816 in FY 2004-05. Output is expected to increase by 2.6% in FY 2005-06 to 305,559. While the Department is requesting six additional staff in this item, this staff does not mean that the Department will issue more licenses in FY 2004-05, because the new staff is to in-source an existing Activity; therefore the Output will remain the same as originally projected for FY 2004-05. The additional cost and new FTE's is due to in-sourcing this Activity.

Table II
Output – Animal License Activity

	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Adopted Budget	Variance	%	Suppl. Request	FY 04-05 Total Request	FY 05-06 Annualized	Variance	%
Output (Number of dog licenses issued)											
	275,722	278,005	287,455	297,816	10,361	3.6%	0	297,816	305,559	7,743	2.6%

Efficiency

Efficiency, as shown in Table III, is the average cost per dog license issued, which was projected at \$2.70 in the FY 2004-05 Adopted Budget, virtually unchanged from FY 2003-04. The cost for FY 2004-05 to issue a license after approval of this request would be \$3.05, an increase of \$0.35 (12.9%) in the cost per license issued. Cost per license

issued would then decrease to \$2.97 in FY 2005-06 as the projected number of licenses issued increases. The justification for this cost increase is to improve results, which were at unacceptable levels in FY 2003-04 under the ACI contract.

Table III
Efficiency – Dog License Activity

FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Adopted Budget	Variance	%	Suppl. Request	FY 04-05 Total Request	FY 05-06 Annualized	Variance	%
Efficiency (Mean cost per unit of output)										
\$ 2.53	\$ 2.69	\$ 2.71	\$ 2.70	\$ (0.01)	-0.3%	\$ 0.35	\$ 3.05	\$ 2.97	\$ 0.08	2.5%

Results

The turnaround time to issue a dog license suffered drastically in FY 2003-04. The FY 2003-04 goal was to issue all licenses within two weeks after receipt of a completed application. This Result was not achieved in FY 2003-04 using the contracted services of ACI. The following lists the turnaround time to issue a dog license over the last three years:

- ACC was able to issue 82% of dog licenses within the two-week goal in FY 2003-04 using PetData as the contractor. This is a decline of 10% from FY 2002-03 when 91% were completed within the two-week goal, when the Department performed this service in-house.
- Currently, given the inability of ACI to meet the contract requirements, the Department has projected that only 10% of licenses would be issued within the two-week goal in FY 2004-05 if the ACI contract were continued.
- The requested staff is expected to allow the Department to improve its results so that 80% of all dog licenses in FY 2004-05 will be issued within seven days of the receipt of a completed application.
- Finally, this improvement in the turnaround time would enable the Department to meet its goal of issuing 100% of all dog licenses within seven days of receipt of a completed application by FY 2005-06.

The Department has revised its goal to issue a dog license from 14 to 7 days after receipt of a completed application. This decrease in the turnaround time to issue a dog license is achievable due to an upgrade in the electronic data feed from Bank One. Bank One receives all license payments, and using Optical Character Recognition (OCR) information, is now able to transmit customer information to ACC. The Department can then automatically load this information into their licensing database. This enhanced service from Bank One provides the opportunity for ACC to perform this Activity in-house. The electronic transfer of payment information is the critical piece necessary for ACC to decrease the turnaround time to issue a dog license. This enhanced service was not available until April 2004 when Bank One upgraded the capability of its data center. The Department can now deliver dog licenses within seven days of a completed application and meet this Department goal for the remainder of FY 2004-05.

However, while all license applications are currently processed, the turnaround time to issue a license has steadily increased. This increased turnaround time has resulted in a

corresponding increase in customer complaints about both the time it takes to receive a license and errors with the license issued. The primary focus of this request is to decrease errors and the turnaround time for issuance of dog licenses. However, as ACC is able to better manage this process, it will have the following associated benefits relating to Output:

- Potential to increase revenues. Currently, the Department does not send out license applications to owners whose dogs do not have a license when the Department receives a vaccination report from a Veterinarian. As ACC becomes more efficient they will be able to follow-up on these unlicensed dogs. This is a potential new revenue source that could have a significant impact on revenues. Additional this would lead to an increase in the dog licensing compliance rate.
- Ability to accommodate an increase in Output with little increase in incremental costs.
- Increase public satisfaction and customer service.
- Increase data accuracy.
- Reduce the turnaround time to issue a dog license.
- Reduce public complaints.

Table IV
Result – Dog License Activity

	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Adopted Budget	Variance	%	Suppl. Request	FY 04-05 Total Request	FY 05-06 Annualized	Variance	%
Result(Percent of licenses issued within 14 days after receipt of completed application)											
NA		91%	82%	10%	-72%	-88%	70%	80%	100%	10%	13%
Result(Percent of licenses issued within seven days after receipt of completed application)											
							70%	80%	100%	10%	13%

Expenditures and Staffing Detail

As shown in Table V, the Department is requesting an increase of \$103,541 (12%) over the FY 2004-05 Adopted Budget to fund six new data entry clerks. This increase includes \$29,222 in one-time expenditures. The annualized recurring cost of these new employees less contract savings from bringing this service in-house is \$103,546. Total expenditures including the existing nine staff are projected to be \$907,253 in FY 2005-06, which is a 12.8% increase from the FY 2004-05 Adopted Budget and a 16.5% increase from FY 2003-04 actual expenditures. These additional expenditures will allow the Department to decrease the turnaround time to issue a dog license so that 100% of all dog licenses will be issued within seven days of receipt of a completed application in FY 2005-06.

Expenditure detail for the Dog Licensing Activity is shown in Table VI, and detailed Staffing by Market Range Title is shown in Table VII.

Table V
Expenditures – Dog License Activity

	FY 03-04 Actual	FY 04-05 Adopted Budget	Variance	%	Supplemental	FY 04-05 Total Request	FY 05-06 Annualized	Variance
Totals	\$ 778,146	\$ 803,707	\$ 25,561	3.3%	\$ 103,541	\$ 907,248	\$ 907,253	\$ (5)

Table VI
Expenditure Object Code Detail – Dog License Activity

	FY 03-04 Actual	FY 04-05 Adopted Budget	Variance	%	Suppl. Request	FY 04-05 Total Request	FY 05-06 Annualized	Variance	%
701 Regular Pay	\$ 203,868	\$ 203,868	\$ -	0.0%	\$ 96,140	\$ 300,008	\$ 319,501	\$ 19,493	6.5%
705 Temp Pay	270	-	(270)	-100.0%	23,134	23,134	-	(23,134)	0.0%
710 Overtime	10,720	2,400	(8,320)	-77.6%	4,538	6,938	3,000	(3,938)	-56.8%
750 Fringe Benefits	70,932	83,245	12,313	17.4%	42,220	125,465	133,831	8,366	6.7%
790 Other Personnel Services	1,686	900	(786)	-46.6%	-	900	1,000	100	11.1%
796 Personnel Services Allocated In	10,200	-	(10,200)	-100.0%	-	-	-	-	-
801 General Supplies	68,950	54,794	(14,156)	-20.5%	1,370	56,164	53,356	(2,808)	-5.0%
804 Non-Capital Equipment	6,586	-	(6,586)	-100.0%	1,200	1,200	-	(1,200)	-100.0%
812 Other Services	175,944	153,468	(22,476)	-12.8%	(66,525)	86,943	86,943	-	0.0%
820 Rent & Lease	2,255	2,076	(179)	-7.9%	514	2,590	2,250	(340)	-13.1%
825 Repairs & Maintenance	-	300	300	0.0%	-	300	500	200	66.7%
839 Internal Service Charge	89,141	185,949	96,808	108.6%	350	186,299	186,299	-	0.0%
842 Travel & Education	459	1,400	941	204.9%	600	2,000	1,000	(1,000)	-50.0%
843 Postage/Shipping	45,754	115,307	69,553	152.0%	-	115,307	119,573	4,266	3.7%
880 Transfer Out	17,488	-	(17,488)	-100.0%	-	-	-	-	0.0%
915 Building & Improvement	73,893	-	(73,893)	-100.0%	-	-	-	-	0.0%
Totals	\$ 778,146	\$ 803,707	\$ 25,561	3.3%	\$ 103,541	\$ 907,248	\$ 907,253	\$ (5)	2.5%

Rate and Volume Analysis

Since the Department would not process any additional dog licenses as a result of this request, the average cost for FY 2004-05 to issue a license would be \$3.05, which is an increase of \$0.35 (12.9%) in the cost per license issued. Assuming an increase in Output consistent with the increase in Demand, this would result in an additional 2.6% in the number of licenses issued in FY 2005-06. Based upon this Output, the cost per license issued will decrease to \$2.97.

Table VII
Staffing – Dog License Activity

Market Range Title	FY 03-04 Actual	FY 04-05 Adopted Budget	Supple. Request	FY 04-05 Total Request	Variance	%	FY 05-06 Annualized	Variance	%
Date Entry Clerks	0.00	0.00	6.00	6.00	6.00		6.00	0.00	0.00
Public Svc. Rep.	3.00	3.00	0.00	3.00	0.00	0.00	3.00	0.00	0.00
Call Center Rep.	4.00	4.00	0.00	4.00	0.00	0.00	4.00	0.00	0.00
Admin Oper. Super.	1.00	1.00	0.00	1.00	0.00	0.00	1.00	0.00	0.00
Admin/Office Super.	1.00	1.00	0.00	1.00	0.00	0.00	1.00	0.00	0.00
Total	9.00	9.00	6.00	15.00	6.00	0.67	15.00	0.00	0.00

Funding

In order to fund this request, the Animal Care and Control's FY 2004-05 appropriated budget for the License/ Shelter Fund would need to be increased by \$103,541. The annualized recurring cost of these new employees less contract savings from in-sourcing this Activity is \$103,546, essentially the same amount as the proposed FY 2004-05 appropriated budget increase. ACC would still have a structurally balanced budget even with the proposed expenditure increase because estimated revenues exceeded expenditures by \$250,647 for this fund in the FY 2004-05 Adopted Budget.

RECOMMENDATIONS

OMB recommends that the Board of Supervisors approve the following:

Transfer \$103,541 in expenditure authority (annualized impact \$103,546) from General Government (Department 470, General Government Grant Fund - General Contingency (249-4711) to Animal Care and Control (Department 790) Shelter Fund (Fund 572) to allow Animal Care and Control to hire six Data Entry Clerks for the Licensing Division of Animal Care & Control to in-source the Dog Licensing Activity.

This action will require appropriation adjustments reducing the General Government, General Fund expenditure appropriation by \$103,541 and increasing the Animal Care and Control, Shelter Fund appropriation by \$103,541 for a net Countywide impact of zero.